THUNDERBIRD 1 LEASING LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13 OCTOBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2011

THUNDERBIRD 1 LEASING LIMITED

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THUNDERBIRD 1 LEASING LIMITED
CORPORATE INFORMATION

		Date appointed
Directors	Ron Wainshal	13th of October 2010
	Michael Inglese	13th of October 2010
	David Walton	13th of October 2010
	Edley Pierre Nicolas Richard	13th of October 2010
	Craig Taylor Fulton	13th of October 2010

Administrator and Company secretary

Codan (Mauritius) Limited
Level 3, Tower I
Nexteracom Towers
Cybercity, Ebene
Mauritius

Registered office

As at 13 March 2012
2nd Floor,Ebene Mews
57 Ebene Cybercity,
Mauritius

As from 14 March 2012
Level 3, Tower I
Nexteracom Towers
Cybercity, Ebene
Mauritius

Auditors

Ernst & Young
Level 9
NeXTeracom, Tower 1
Cybercity
Ebene
Mauritius

Bankers

Deutsche Bank (Mauritius) Ltd
4th Floor, Barkly Wharf East
Le Caudan Waterfront
Port Louis
Mauritius

THUNDERBIRD 1 LEASING LIMITED

COMMENTARY OF THE DIRECTORS

Principal activity

The principal activity of the Company is interalia to provide aircraft leasing facilities.

Results and dividend

The Company's result for the period from 13 October 2010 (date of incorporation) to 31 December 2011 is **USD 2,727,276.**

The directors do not recommend the payment of any dividend for the period under review.

Statement of directors' responsibilities in respect of the financial statements

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2011, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Auditors

The auditors, Ernst & Young, have indicated their willingness to continue in office and will be automatically reappointed at the next Annual Meeting.

By order of the Board

Codan (Mauritius) Limited
Company Secretary

Codan (Mauritius) Limited
Level 3 - Tower 1
Nexteracom Towers
Cybercity Ebene
Mauritius

Date: 08|6|2012

THUNDERBIRD 1 LEASING LIMITED

CERTIFICATE FROM THE SECRETARY

UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **Thunderbird 1 Leasing Limited** under the Companies Act 2001 during the financial period ended 31 December 2011.

For Codan (Mauritius) Limited

Secretary

Date: 28/6/2012

Codan (Mauritius) Limited
Level 3 - Tower 1
Nexteracom Towers
Cybercity Ebene
Mauritius

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

THUNDERBIRD 1 LEASING LIMITED

Report on the financial statements

We have audited the financial statements of **THUNDERBIRD 1 LEASING LIMITED** on pages 6 to 30 which comprise the statement of financial position as at December 31, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 6 to 30 give a true and fair view of the financial position of the Company as at December 31, 2011, and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

THUNDERBIRD 1 LEASING LIMITED (CONTINUED)

Report on the financial statements (Continued)

Other matters

This report, including the opinion, has been prepared for and only for the Company's member in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, A.C.A., F.C.C.A
Licensed by FRC

Date: ..28 JUN 2012..........

THUNDERBIRD 1 LEASING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 13 OCTOBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2011

	Notes	2011
		USD
Revenue	4	8,279,808
Depreciation of property, plant and equipment	6	(2,636,229)
Other expenses		(128,731)
Operating profit		5,514,848
Finance costs	15	(2,703,131)
Profit before tax		2,811,717
Income tax expense	5	(84,441)
Profit / total comprehensive income for the period, net of tax		2,727,276

The notes on pages 10 to 30 form an integral part of these financial statements

THUNDERBIRD 1 LEASING LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 USD
ASSETS		
Non-current assets		
Property, plant and equipment	6	86,069,736
Current assets		
Other receivables	7	562,157
Prepayments	7	9,376
Cash at bank	14	3,908,499
		4,480,032
Total assets		90,549,768
EQUITY AND LIABILITIES		
Stated capital	8	1
Retained earnings		2,727,276
Total equity		2,727,277
Non-current liabilities		
Loan from related party	9	18,004,845
Interest bearing loans and borrowings	9	60,424,048
Other payables	10	3,020,643
Deferred tax liabilities	5	84,441
		81,533,977
Current liabilities		
Interest bearing loans and borrowings	9	4,834,016
Other payables	10	1,454,498
		6,288,514
Total liabilities		87,822,491
Total equity and liabilities		90,549,768

Approved by the Board of directors on ....28....June....2012..........

Director *Director*

The notes on pages 10 to 30 form an integral part of these financial statements

THUNDERBIRD 1 LEASING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 13 OCTOBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2011

	Stated capital	Retained earnings	Total
	USD	USD	USD
Balance at 13 October 2010	-	-	-
Issued during the period	1		1
Profit / total comprehensive income for the period, net of tax	-	2,727,276	2,727,276
Balance at 31 December 2011	**1**	**2,727,276**	**2,727,277**

The notes on pages 10 to 30 form an integral part of these financial statements

THUNDERBIRD 1 LEASING LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 13 OCTOBER 2010 (DATE OF INCORPORATION) TO 31 DECEMBER 2011

	Notes	2011
		USD
Operating activities		
Profit before tax		**2,811,717**
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	**6**	**2,636,229**
Finance costs	**15**	**2,616,065**
Working capital adjustments:		
Increase in other receivables and prepayments		**(571,533)**
Increase in other payables		**224,673**
Increase in amount due to related parties		**3,020,643**
		10,737,794
Acquisition of property, plant & equipment	**6**	**(245,349)**
Net cash flows generated from operations		**10,492,445**
Financing activities		
Proceeds from issue of share capital		**1**
Repayment of loans and borrowings		**(3,967,882)**
Finance costs		**(2,616,065)**
Net cash flows generated from financing activities		**(6,583,946)**
Net increase in cash at bank		**3,908,499**
Cash at bank at end of the period	**14**	**3,908,499**

The notes on pages 10 to 30 form an integral part of these financial statements

1. LEGAL FORM AND PRINCIPAL ACTIVITY

Thunderbird 1 Leasing Limited (the "Company") was incorporated as a private company limited by shares in the Republic of Mauritius on 13th October 2010 and holds a Global Business License Category 1 (GBL 1) certificate under the Financial Services Act (FSA) 2007. The address of the registered office is Level 3, Tower I. Nexteracom Towers, Cybercity, Ébène, Mauritius (previously 2nd Floor, Ebene Mews, 57 Ebene Cybercity, Mauritius). The principal activity of the Company is to provide aircraft leasing facilities.

The Company has acquired its aircraft under a finance lease arrangement and has onleased it under an operating lease agreement.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements are prepared on a historical cost basis. The financial statements are presented in United States Dollar ("USD") and all values are rounded to the nearest dollar, except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency translation

The financial statements are presented in USD which is also the currency of the primary economic environment in which the Company operates (functional currency). The Company determines its own functional currency and items included in the financial statements of the Company are measured using that functional currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

b) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Property, plant and equipment comprise of an Airbus aircraft. Such cost includes the cost of replacing part of the Property, Plant and Equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Property, plant and equipment (Cont'd)

Depreciation is calculated on a straight-line basis over the estimated useful life of the aircraft asset, which is 25 years from the date of manufacture, to a residual value of 15% of the initial purchase cost.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at least annually and adjusted prospectively, if appropriate.

c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Leases (Cont'd)

Operating lease payments are recognised as an operating expense in profit or loss on a straight line basis over the lease term.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease income from operating leases is recognised in profit or loss on straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

d) Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax is recognised in correlation to underlying transactions either in profit and loss or, other comprehensive income or directly in equity.

(ii) Deferred income tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date that are expected to apply in the year when the asset is realised or the liability is settled.

Current tax items are recognised in correlation to underlying transactions either in profit and loss, other comprehensive income or directly in equity.

Under this method the Group is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

The principal temporary differences arise from depreciation on equipment, revaluations of certain non-current assets, tax losses carried forward, employee benefit liability and on provisions.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Taxes (Cont'd)

(ii) Deferred income tax (Cont'd)

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxation authority.

e) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash at banks and other receivables.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as set out below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

Other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial assets (Cont'd)

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Financial assets (Cont'd)

(iv) Impairment of financial assets (Cont'd)

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

f) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include other payables, loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

Other payables are stated at their nominal value.

The amounts due to related companies are recorded at proceeds received net of capital repayments.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Financial liabilities (cont'd)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

h) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income receivable from operating leases, less the Company's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the lessee has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the lessee will exercise that option.

k) Expense recognition

All expenses are accounted for in profit or loss on accrual basis.

l) Cash at cash equivalents

Cash and cash equivalents comprise current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

m) Security deposit

Security deposit consists of cash received from lessee that is held on deposit until lease expiration pursuant to the lease agreement. Changes in the security deposit are reflected within operating activities of the Company's statements of cash flows.

2. ACCOUNTING POLICIES (CONT'D)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions.

o) Maintenance payments

Typically, under an operating lease, the lessee is responsible for performing all maintenance but might be required to make deposit payments to the Company for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending upon the component, and are required to be made monthly in arrears or at the end of the lease term. Whether to permit a lessee to make maintenance payments at the end of the lease term, rather than requiring such payments to be made monthly, depends on a variety of factors, including the creditworthiness of the lessee, the level of security deposit which may be provided by the lessee and market conditions at the time the Company enters into the lease. If a lessee is making monthly maintenance payments, the Company would typically be obligated to reimburse the lessee for costs it incurs for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following completion of the relevant work.

The Company records maintenance payments paid by the lessee as accrued maintenance payments liabilities in recognition of the Company's contractual commitment to refund such receipts. In these contracts, the Company does not recognize such maintenance payments as maintenance revenue during the lease. Reimbursements to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the existing accrued maintenance payments liability. The Company defers maintenance revenue recognition of all maintenance reserve payments collected until the end of the lease, when the Company is able to determine the amount, if any, by which reserve payments received exceed costs to be incurred by the current lessee in performing scheduled maintenance.

2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IAS 1 *Financial Statement Presentation* – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

2. ACCOUNTING POLICIES (CONT'D)

2.3 STANDARD ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IAS 12 *Income Taxes* – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 19 *Employee Benefits* (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 *Separate Financial Statements* (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 *Financial Instruments: Presentation* (Amendment)

The amendments to IAS 32 are intended to clarify inconsistencies in current practice when applying offsetting criteria. They are effective for annual period beginning on or after 1 January 2014.

IFRS 7 *Financial Instruments: Disclosures* — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011.

2. ACCOUNTING POLICIES (CONT'D)

2.3 *STANDARD ISSUED BUT NOT YET EFFECTIVE (CONT'D)*

IFRS 9 ***Financial Instruments: Classification and Measurement***

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

IFRS 10 ***Consolidated Financial Statements***

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purposc Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require managemcnt to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 ***Joint Arrangements***

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 ***Disclosure of Involvement with Other Entities***

IFRS 12 includes all of the disclosures that were previously in IAS 27 relatcd to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of ncw disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 ***Fair Value Measurement***

IFRS 13 establishes a single souree of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after 1 January 2013.
The Company has not yet fully assessed the impact of these new standards and amendments on its financial statements. No early adoption is intended by the board of directors.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgement:

Determination of functional currency

The primary objective of the Company is to generate returns in USD, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in USD. The Company's performance is evaluated in USD. Therefore management considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain equipment of the Company, such as aircraft, are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purpose of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The directors have used the relevant industries in which the Company operates in order to best determine the useful lives and residual values of property, plant and equipment.

Contractual maintenance expenses

Contractual maintenance expenses are provided for in accordance with the terms of maintenance agreements on aircraft on operating lease. The long term portion of the provision is not discounted to its present value due to uncertainties with respect to the final maintenance costs to be incurred when compared to the estimated rate applied.

4. REVENUE

	2011
	USD
Rental income (excluding lease incentive)	8,288,747
Lease incentive	(8,939)
Rental income	8,279,808

5. TAXATION

The Company is chargeable to income tax at 15% under the provision of the Income Tax Act. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income. Thus, the effective tax rate is reduced to 3%.

The major components of income tax expense for the period ended 31 December 2011 are:

	2011
	USD
Current income tax	
Current income tax charge	-
Deferred tax	
Relating to origination and reversal of temporary differences	**84,441**
Income tax expense reported in the statement of comprehensive income	**84,441**

Tax reconciliation:

A reconciliation of the income tax expense based on accounting profit and the actual income tax expense is as follows:

	2011
	USD
Profit before income tax	**2,811,717**
Income tax @ 15%	**421,758**
Non allowable expenses	**450**
Foreign tax credit	**(337,767)**
Income tax expense reported in the statement of comprehensive income	**84,441**

5. TAXATION (CONT'D)

Deferred tax

Deferred tax relates to the following:

	Statement of financial position 2011	Statement of comprehensive income 2011
	USD	USD
Accelerated depreciation for tax purposes	(2,582,092)	2,582,092
Tax losses	2,497,651	(2,497,651)
Deferred tax expense		**84,441**
Net deferred tax liability	**84,441**	

Reconciliation of deferred tax liabilities net:

	2011
	USD
Balance at 13 October 2010	-
Tax expense during the period	(84,441)
Balance at 31 December	(84,441)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax liabilities relate to income taxes levied by the same authority.

6. PROPERTY, PLANT AND EQUIPMENT

	Aircraft on lease	Aircraft accessories	Total
	USD	USD	USD
Cost			
At 13 October 2010	-	-	-
Additions	88,460,616	245,349	88,705,965
At 31 December 2011	**88,460,616**	**245,349**	**88,705,965**
Depreciation			
At 13 October 2010	-	-	-
Charge for the period	2,630,622	5,607	2,636,229
At 31 December 2011	**2,630,622**	**5,607**	**2,636,229**
Net book value			
At 31 December 2011	**85,829,994**	**239,742**	**86,069,736**

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Finance leases

The carrying value of aircraft held under finance lease at 31 December 2011 is USD 67,465,416.

The obligations of the finance lease are secured by a mortgage over the aircraft.

7. OTHER RECEIVABLES AND PREPAYMENTS

	2011 USD
Other receivables:	
Deferred debt issue costs	**462,547**
Lease incentives	**91,061**
Other receivables	**8,549**
	562,157
Prepayments	**9,376**

Terms and conditions:

Deferred debt issue costs are amortised over the term of the finance lease (12 years).
Lease incentives are amortised over the term of the operating lease (10 years).

8. STATED CAPITAL

	2011 USD
Ordinary shares of USD 1 each	**1**

9. INTEREST BEARING LOANS AND BORROWINGS

	Interest rate	Maturity	2011 USD
Non-current			
Interest bearing loans and borrowings	3.78%	2023	**60,424,048**
Loan from related party	-	After 31 December 2012	**18,004,845**
			78,428,893
Current			
Interest bearing loans and borrowings	3.78%	2023	**4,834,016**
			83,262,909

Loan from related party is unsecured, interest free and is not repayable within one year.

10. OTHER PAYABLES

	2011
Non-current	**USD**
Other payables:	
Other payables	**26,691**
Security deposits	**2,018,990**
Maintenance payment deposits	**974,962**
	3,020,643
Current	
Lease rentals received in advance	**211,345**
Other payables:	
Other accruals	**12,329**
Interest accrued	**1,230,824**
	1,454,498
Total	**4,475,141**

Terms and eonditions:

- Security deposits represent cash received from the lessee that is held on deposit until lease expiration.
- The lessee is responsible for performing all maintenance and makes monthly deposit payments to the Company for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft. These monthly maintenance payments are recorded as maintenance payment deposits. At the time of the overhaul, the lessee is reimbursed for costs from the accrued maintenance deposits.
- Other accruals are non-interest bearing and repayable on demand within a year.

11. COMMITMENTS AND CONTINGENCIES

Finanee lease (as a lessee)

The Company has finance lease for its aircraft. The lease has a bargain purchase option and escalation clauses. Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

11. COMMITMENTS AND CONTINGENCIES (CONT'D)

Finance lease (cont'd)

	2011	
	Minimum payments USD	**Present value of payments USD**
➢ Within one year	**7,581,251**	**4,834,016**
➢ 1 year but less than 5 years	**37,906,650**	**27,102,516**
➢ 5 years	**38,538,424**	**33,321,532**
Total minimum lease payments	**84,026,325**	**65,258,064**
Less finance charges	**(18,768,261)**	**-**
Present value of minimum lease payments	**65,258,064**	**65,258,064**

Operating lease

Future minimum rentals receivable under non-cancellable operating lease are as follows:

As lessor

	2011
	USD
Less than one year	**9,272,700**
Between one and five years	**46,363,500**
More than five years	**28,591,980**
	84,228,180

The Company leases the aircraft under an operating lease to South African Airways. The lease typically runs for a period of 10 years. During the period ended 31 Decemher 2011, an amount of USD 8,288,747 was recognised as income in the statement of comprehensive income in respect of operating lease income.

12. RELATED PARTY DISCLOSURES

The following are related party transactions and balances at period-end.

Related Party	Nature of transactions	2011 USD
Transactions during the period		
Ultimate holding company	Non-interest bearing loan	**18,004,845**
Affiliate	Expenses paid on behalf of the Company	**11,952**
Balance outstanding at 31 December:		
Ultimate holding company	Non-interest bearing loan	**18,004,845**
Affiliate	Expenses paid on behalf of the Company	**11,952**

13. FINANCIAL RISK MANAGEMENT

Overview

The Company activities expose it to a variety of financial risks:

- credit risk
- liquidity risk
- market risk
- currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

13. FINANCIAL RISK MANAGEMENT (CONT'D)

Overview (Cont'd)

The Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from rental income.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011
	USD
Cash at bank	**3,908,499**
Other receivables	**562,157**
	4,470,656

The above financial assets excludes prepayment amounting to USD 9,376. The cash at bank is maintained with a reputable financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation. The Company also pays out its obligations from finance received from its holding company.

13. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The following are the undiscounted contractual maturities of financial liabilities:

Period ended 31 December 2011

	Carrying amount	Due within 1 year	Due Between 1 to 5 years	Greater than 5 years	Total
	USD	USD	USD	USD	USD
Liabilities					
Other payables	4,475,141	1,454,498	-	3,020,643	4,475,141
Loan to related party	18004,845	18,004,845	-	-	18,004,845
Obligations under finance lease	84,026,352	7,581,251	37,906,650	38,538,424	84,026,325
Total liabilities	106,506,311	27,040,594	37,906,650	41,559,067	106,506,311

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

Currency risk

The Company is exposed to foreign currency risk primarily through balances arising in the normal course of business that are denominated in a currency other than the functional currency of the operations to which they relate. Since the Company trades mainly in USD, it is not subject to significant foreign currency risk, hence not required to disclose its currency profile. Similarly, the Company's financial positions as at the period end is not sensitive to foreign currency rate changes.

Interest rate risk

The majority of the Company's financial assets are non-interest bearing. As a result, the Company is not exposed to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The financial liabilities of the company include obligations under finance lease that bear interest at fixed rate.

13. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value

The Company's financial assets and liabilities consist of trade and other receivables, cash and cash equivalents, trade and other payables which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values.

Capital management

The Company actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Company's capital position is undertaken by the management team of the company. The management team ensures that the company is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations are executed in a timely fashion. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements such as foreign exchange and interest rate.

14. CASH AT BANK

	2011
	USD
Cash at bank	**3,908,499**

Cash at bank held on call deposits account is non-interest bearing.

For the purpose of statement of cash flows, cash and cash equivalents comprise of the above.

15. FINANCE COSTS

	2011
	USD
Finance charges payable under finance lease	**2,616,065**
Interest on security deposits	**18,111**
Amortisation of deferred debt issue cost	**68,955**
	2,703,131

16. HOLDING COMPANY

Thunderbird 1 Leasing Limited is a wholly owned subsidiary of Aircastle Investment Holdings 3 Limited, a company incorporated in Bermuda.

17. EVENTS AFTER REPORTING PERIOD

There are no significant events noted after the reporting period.

Appendix

THUNDERBIRD 1 LEASING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 13 OCTOBER 2010 (DATE OF INCORPORATION) TO 31 December 2011

	USD
Operating lease income	8,288,747
Lease rental and related expenses	(8,939)
Gross profit	8,279,808
Administration and financial expenses	
Depreciation	2,636,229
Legal fees	52,964
Other professional fees	23,718
Insurance	16,952
Audit fees	8,000
Accounting fees	6,651
Director fees	6,082
Bank charges	5,578
Secretarial fees	5,541
FSC fees	2,376
Telephone & faxes	392
Registrar of companies annual fees	406
Registrar of companies set up fees	71
	2,764,960
Profit from operations	5,514,848
Finance cost	(2,703,131)
Profit before taxation	2,811,717